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SENSITIVE

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E.O. 12958: N/A

TAGS: [ETRD](#) [WTRO](#) [ECON](#) [RP](#)

SUBJECT: WTO TAFT Goods Demarche - Philippines to Consider

Refs: a) State 12905, b) State 11974, c) Manila 139

SENSITIVE BUT UNCLASSIFIED

11. (SBU) Summary: EconCouns delivered ref a demarche to Undersecretary for Trade Thomas Aquino of the Philippine Department of Trade and Industry on February 13 after coordination with colleagues at the EC Delegation in Manila. Aquino responded positively, but it is not yet clear that the Philippine position has changed from wait-and-see, let alone whether they would co-sponsor. We will continue coordination and follow up with DTI next week on this issue. End Summary.

Working Levels Not Receptive  
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12. (U) As instructed reftel, we coordinated this demarche with the EC Delegation here in Manila. The Delegation received instructions before we did, and had already made an initial approach to the working level of the Department of Trade and Industry. Assistant Director Angelo "Butch" Benedictos was reluctant to accept a joint demarche by the U.S. and EC, so the EC met with him on February 8 without our participation. The EC reported to us that Benedictos' response had not been particularly helpful. He had stated that the issue was complex and that the Ministry was still studying it. However, he gave our EC counterparts the strong impression that the Philippines would not move on the issue until there had been progress in the NAMA and agriculture negotiations. He also stated that the Philippines "normally did not" co-sponsor proposals like this. It would be easier for them to informally align themselves with the position of a grouping of developing countries supporting one or another position, rather than becoming a co-sponsor.

Policy Level More Open  
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13. (U) In light of Benedictos' response, we determined in consultation with the EC Delegation that taking the demarche to a higher level would be more likely to have an impact.

14. (SBU) EconCouns met on February 13 with Undersecretary Tom Aquino, who was accompanied by Benedictos. Delivering both this demarche and the demarche on DDA Negotiations on Environmental Goods and Services (ref b, reported septel), EconCouns pointed out that in the recent meeting between Assistant to the President for Economic Affairs Daniel Price and Philippine President Arroyo, Arroyo had again expressed her commitment to moving forward on the Doha Round, taking positions on the basis of Philippine interests, and not waiting for the NAMA and agricultural results before negotiating other issues. EconCouns used ref A talking points to explain the TAFT Goods proposal, which Aquino was aware of in only a vague way.

15. (U) Aquino told Benedicto to instruct Philippine negotiators in Geneva to support the proposal, but Benedicto cut him off saying, "I already . . ." Aquino cut him off in turn to say, "Do it again."

¶6. (U) It is clear that those Philippine officials who master the details of this and other Doha Round negotiations, both here and in Geneva, are resistant to any call for increasing the pace in negotiating other issues, at least until NAMA and ag negotiations progress. Policy levels in Manila, from President Arroyo down to Aquino are more inclined toward the U.S. position. However, it is not clear how forcefully they are pushing that position when we are not in the room. EconCouns will go back to Aquino next week to seek a more specific answer on the issue of co-sponsorship. We will also find an opportunity to raise the issue with Secretary of Trade Peter Favila.